

POLICY 1352.00 Investment Management Methodology (IMM)

Issued: October 11, 2021

Revised:

Reviewed:

Next Review Date: October 11, 2022

FUTURE EFFECTIVE DATE

This policy is effective eight months from the “issued” date above.

APPLICATION

This policy is intended for statewide compliance and applies to all Executive Branch Departments, Agencies, Trusted Partners, Boards or Commissions using state of Michigan (SOM) Information Technology (IT) resources.

PURPOSE

This policy provides direction for the management of IT investments within the SOM. This policy is recommended for all IT investments, including software and infrastructure investments. This policy is required for all requests for new funding, known as Proposals for Change, for IT investments. This policy also outlines specific responsibilities for Agency Directors, the Director of the Department of Technology, Management and Budget (DTMB), Agency Services Director, Chief Security Officer, Chief Technology Officer, Center for Shared Solutions Director and the DTMB Enterprise Portfolio Management (EPMO) Director. The EPMO Director facilitates the SUITE process while the IT Deputy Directors ensure their staff completes the DTMB processes outlined in this policy.

CONTACT AGENCY

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SUMMARY

The intent of this policy is to provide direction for IT investment management to maximize the efficiency and operational effectiveness of state government through the realization of both tangible and non-financial intangible benefits. IT plays an increasingly critical role in delivering a variety of services to Michigan’s citizens. It is the partnership between DTMB and its client agencies and departments that results in high quality and cost-effective automated solutions that meet a variety of public sector business needs. The Investment Management Methodology (IMM) is closely aligned with the Project, Program and Portfolio Management Methodology (3PMM)

as defined in Administrative Guide Policy 1355.00 Project, Program, and Portfolio Management Methodology (3PMM).

IMM is a component of the State Unified Information Technology Environment (SUITE) which provides direction for investment management as well as for IT project, program and portfolio management and systems engineering. IMM provides comprehensive direction for managing the SOM's IT investments to ensure that the SOM's individual IT investments contribute optimal value.

IMM includes three primary components:

1. Business Case

- a. Description of how value will be created, including assumptions and a forecast.
- b. Outcomes, which are driven by capability in three areas, including business, operational and technical.
- c. Updates as needed, incorporating the impact of events that could influence assumptions, forecast and outcomes.

2. Governance

- a. Framework for:
 - Prioritization and selection.
 - Risk management and issue resolution.
 - Oversight for supporting processes.
- b. SOM IT Investment Management Governance Board which reviews, prioritizes and recommends Proposals for Change (PFC) funding to the DTMB Director and the State Budget Office (SBO). Membership includes agency representatives and DTMB.
- c. Agency IT Investment Management Governing Boards which review, prioritize and justify PFC funding to the SOM IT Investment Management Governing Board. An agency may opt to leverage an existing governance group for this purpose. Membership includes agency representatives with DTMB providing input as required.

Note that DTMB is also an agency with its own IT Investment Management Governing Board, which reviews, prioritizes and justifies PFC funding for IT investment of an enterprise nature.

3. Benefits Realization

- a. Identification of benefits associated with the IT project or program investment.
- b. Execution of benefits to minimize risks to future benefits and to maximize the opportunity to gain additional benefits.
- c. Sustainment of benefits to ensure that whatever the project or program produces continues to provide value throughout its life cycle.

For specific direction, see the public facing SOM [SUITE](http://michigan.gov/suite) (<http://michigan.gov/suite>) website.

Additional information and training opportunities can be found on the SOM internal [SUITE](https://stateofmichigan.sharepoint.com/sites/epmo/suite) (<https://stateofmichigan.sharepoint.com/sites/epmo/suite>) website.

POLICY

All SOM agencies are required to follow IMM for all IT-enabled initiatives.

Agency Director

As a Business Owner and Sponsor of IT investment(s), the Director shall ensure:

- Alignment to agency and SOM goals.
- Prioritization of agency business needs and inclusion in agency strategic plan.
- Business case, drafted and maintained in the enterprise project and portfolio management (PPM) tool throughout the lifecycle of the investment, which is used to assist with prioritization of agency business needs. A business case includes the benefits from the investment, risks of not completing the project, total cost of ownership (TCO) and return on investment (ROI).
- Assessment of the need for a Lean Process Improvement (LPI) initiative for the applicable business processes before beginning a new IT project or program. Additional information on the LPI process is available at [Office of Continuous Improvement – Lean Technology](https://stateofmichigan.sharepoint.com/teams/insidemi/Continuous-Improvement/Pages/Lean-Tech.aspx) (<https://stateofmichigan.sharepoint.com/teams/insidemi/Continuous-Improvement/Pages/Lean-Tech.aspx>).
- Appropriate funding for a proposed investment.
- Availability of resources authorized to approve and accept investment artifacts and deliverables.
- Establishment of an Agency IT Investment Management Governing Board to ensure that investment management best practices are followed and matured over time.
- Participation in SOM IT Investment Management Governing Board, as requested.
- Executive sponsorship for an approved investment, which becomes a project or program covered in [Administrative Guide Policy 1355.00 Project, Program, and Portfolio Management Methodology](https://www.michigan.gov/documents/dmb/1355.00_281427_7.pdf) (https://www.michigan.gov/documents/dmb/1355.00_281427_7.pdf).

DTMB Director

As the SOM provider of IT solutions and project, program and portfolio management, the DTMB Director shall ensure:

- Alignment with IT strategy and SOM goals.

- Information and recommendations about the best approaches to meet business needs via reliable and cost-effective solutions.
- Leadership of the SOM IT Investment Management Governing Board.
- Participation as a partner in Agency IT Investment Management Governing Boards.
- Availability of sufficient and knowledgeable resources to assist in development of the business case.
- Availability of resources authorized to approve and accept investment artifacts and deliverables.
- Impact assessment, with a focus on technical impact.

DTMB EPMO Director

As an Investment Management and 3PMM provider, the DTMB EPMO Director shall ensure:

- Organizational structure through which all IT project, program, portfolio Management resources report.
- Sourcing and assignment of all IT project, program, and portfolio managers across SOM agencies including those funded by DTMB, Agencies or other sources.
- Appropriate IMM and 3PMM subject matter experts (SME), including Project and Portfolio Management Office (PMO) Managers, and tools to analyze and measure potential investment performance. Tools may include enterprise project and portfolio management (PPM) dashboards, scorecards, analytics, benefits realization and customer satisfaction surveys. Provide Agency Director or designate access to the enterprise PPM tool to facilitate agency investment decision making.
- Appropriate 3PMM tools to measure on-time, on-budget delivery of projects that meet or exceed customer expectations. Tools may include enterprise PPM application, as well as resource management, dashboards, scorecards, analytics, benefits realization and customer satisfaction surveys, and other tools. Provide Agency Director or designate access to PPM tool to facilitate agency project progress monitoring.
- Monitoring and reporting on SUITE compliance, including consistent and effective investment management and project, program, and portfolio management, application of Systems Engineering Methodology (SEM), transparency of proposed IT projects, projects/programs, and IT project spending for the SOM enterprise.
- Education in use of the IMM, 3PMM and SEM.
- Participation in the SOM IT Investment Management Governing Board.

TERMS AND DEFINITIONS

Agency

The principal department of state government as created by Executive Organization Act, P.A. 380 of 1965.

Benefits Realization

The identification, definition, planning and tracking and realization of business benefits that will be achieved with IT investment.

Business Case

The Business Case contains a set of assumptions/forecast on how value will be created from the IT Investment that is being made. It is developed from a strategic perspective – from the top down – starting with a clear understanding of the desired business outcomes and progressing to a detailed description of critical tasks and milestones as well as key roles and responsibilities. It should be based on qualitative and quantitative indicators to ensure that the expected outcomes are achieved.

Information Technology (IT)

Refers to software, hardware, networking, Internet of Things, and telecommunication products and services that the state uses to store, manage, access, communicate, send and receive information. IT also refers to data, voice and video technologies. The determination of whether something falls under IT is not dependent on cost (i.e., could be a free service) or whether the product or service is hosted on state systems.

Examples of IT products or services include, but are not limited to, the following:

- On-premise, commercial-off-the-shelf (COTS) software applications installed on state systems (e.g., Adobe Acrobat).
- Externally hosted, COTS software applications installed on a vendor's system (e.g., DocuSign, Salesforce, etc.).
- Custom developed software applications (e.g., DHHS' CHAMPS system).
- Software-as-a-Service (SAAS) applications hosted by a vendor (e.g., LexisNexis, Survey Monkey, etc.).
- Subscription-based information services (e.g., Gongwer, Gartner, etc.).
- Social media accounts (e.g., Twitter, Facebook, etc.).
- Mobile applications (e.g., iTunes).
- Server hardware and software used to support applications such as database, application/web servers, storage systems, and other hosting services (e.g., Dell EMC PowerEdge Blade server).
- Hardware devices (e.g., laptops, tablets, smartphones, etc.).
- Data, voice, and video networks and associated communications equipment and software (e.g., Cisco routers and switches).

- Peripherals directly connected to computer information systems (e.g., Ricoh scan printers, printers).
- Internet of Things (IOT) are objects with electronic components that include processing and networking capabilities designed to enhance the functionality of the object by leveraging communications over the internet (e.g., ADT Security, smart thermostat, software-enabled lab equipment, refrigerator with an LCD screen, etc.).
- Vendor services for software application, installation, configuration, development and maintenance, including staff augmentation arrangements (e.g., CNSI resources assisting with maintenance and support of the DHHS CHAMPS system).

To utilize or source a product or service that includes components that meet the definition of Information Technology, the agency shall engage with the designated General Manager, or Business Relationship Manager for consultation on the need for DTMB IT services, (e.g., Cyber Security, Agency Services, Enterprise Architecture, Telecom, etc.).

Investment Management

A process to ensure that IT-enabled initiatives will be managed through their full economic life cycle. This process consists of three key components: business case, investment management governance and benefits realization.

IT Governance

Processes that ensure the effective and efficient use of IT in enabling an organization to achieve its goals, including generation of value and mitigation of risks associated with IT projects.

Methodology

A system of principles, practices and procedures applied to a specific branch of knowledge. A documented approach for performing activities in a coherent, consistent, accountable and repeatable manner.

Portfolio

Groupings of “objects of interest” (investment programs, IT services, IT projects, other IT assets or resources) managed as a group to achieve strategic objectives

Portfolio Management

Centralized management of one or more portfolios to achieve organizational strategic objectives.

Program

Group of related projects and activities with the same or similar objectives managed in a coordinated manner to obtain benefits not available from managing them individually. A program is also known as a master project with subprojects.

Program Management

The application of knowledge, skills, and principles to a program to achieve the program objectives and to obtain benefits and control not available by managing program components individually.

Project

A temporary endeavor undertaken to create a unique product or service.

Project Management

The application of knowledge, skills, tools, and techniques in order to meet project requirements. The practice of initiating, planning, executing, controlling, and closing the work of a team to achieve specific goals and meet specific success criteria at the specified time. The primary challenge of project management is to achieve all of the project goals within the given constraints.

Trusted Partner/ Business Partner

A person (i.e., vendor, contractor, third party, etc.) or entity that has contracted with the SOM to perform a certain service or provide a certain product in exchange for valuable consideration, monetary, or goods and services.

AUTHORIZATION

Authority

This policy obtains its authority from:

- The [Administrative Guide to State Government](https://www.michigan.gov/dtmb/0,5552,7-358-82547_9347---,00.html) (https://www.michigan.gov/dtmb/0,5552,7-358-82547_9347---,00.html).
- [Administrative Guide Policy 1305 Enterprise Information Technology](https://www.michigan.gov/documents/dmb/1305_193158_7.pdf) (https://www.michigan.gov/documents/dmb/1305_193158_7.pdf).
- [DTMB IT Technical Policies, Standards and Procedures](https://stateofmichigan.sharepoint.com/teams/insidemichigan/Pages/For%20Your%20Job%20In%20the%20Office/IT_PSP.aspx) (https://stateofmichigan.sharepoint.com/teams/insidemichigan/Pages/For Your Job/In the Office/IT_PSP.aspx), on the DTMB Intranet.
- [Public Act 389](http://www.legislature.mi.gov/documents/2017-2018/publicact/pdf/2018-PA-0389.pdf), Section 115, effective December 19, 2018 (http://www.legislature.mi.gov/documents/2017-2018/publicact/pdf/2018-PA-0389.pdf).
- [Public Act 207](http://www.legislature.mi.gov/documents/2017-2018/publicact/pdf/2018-PA-0207.pdf), Section 830, effective June 21, 2018 (http://www.legislature.mi.gov/documents/2017-2018/publicact/pdf/2018-PA-0207.pdf).

Enforcement

All enforcement for this policy shall be in compliance with the standards and procedures of [Administrative Guide Policy 1305 Enterprise Information Technology](https://www.michigan.gov/documents/dmb/1305_193158_7.pdf) (https://www.michigan.gov/documents/dmb/1305_193158_7.pdf).

Developing Standards and Procedures for this Policy

All requirements for developing standards and procedures for this policy shall be in compliance with [Administrative Guide Policy 1305 Enterprise Information Technology](https://www.michigan.gov/documents/dmb/1305_193158_7.pdf) (https://www.michigan.gov/documents/dmb/1305_193158_7.pdf).

Exceptions

All exception requests to this policy must be processed in compliance with [Administrative Guide Policy 1305 Enterprise Information Technology](https://www.michigan.gov/documents/dmb/1305_193158_7.pdf) (https://www.michigan.gov/documents/dmb/1305_193158_7.pdf).

Effective Date

This policy will be effective, unless otherwise noted, upon signature of the Administrative Guide approval memo by the DTMB Director unless otherwise noted.
